

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 262 - HB 1594

March 21, 2021

SUMMARY OF ORIGINAL BILL: Waives the application fee for a lifetime enhanced handgun carry permit (LHCP) for retired members of the military.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue –

\$280,100/FY21-22 and Subsequent Years/Handgun Permit Division

\$106,500/FY21-22 and Subsequent Years/Tennessee Bureau of Investigation

Increase State Expenditures – \$8,000/FY21-22/Handgun Permit Division

Decrease State Expenditures –

\$2,300/FY27-28 and Subsequent Years/Handgun Permit Division

Decrease Local Revenue –

\$34,600/FY21-22 and Subsequent Years

SUMMARY OF AMENDMENT (005427): Deletes and replaces all language after the enacting clause such that the only substantive change is specifying the requirements to prove military service and require honorable retirement conditions.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the most recent United States Department of Defense *Statistical Report on the Military Retirement System*, there are 57,702 military retirees in Tennessee.
- It is estimated that at least two percent, or 1,154 (57,702 x 2%), of those eligible will apply and be issued a LHCP each year under this legislation, who would have otherwise obtained a LHCP and paid the required fee.
- Pursuant to Tenn. Code Ann. § 39-17-1351(x)(2), a LHCP is \$300. Of that fee, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and

maintaining their databases; \$31.15 is allocated to the TBI to cover the cost of fingerprint vendors, TBI background checks, and Federal Bureau of Investigation fingerprint background checks; the remaining \$238.85 is retained by the Handgun Permit Division (HPD) of the Department of Safety.

- Pursuant to the current allocation of revenue derived from LHCP application fees, the recurring decrease in state revenue to the HPD is estimated to be \$275,633 ($1,154 \times \238.85) the recurring decrease in state revenue to the TBI is estimated to be \$53,257 [$1,154 \times (\$15 + \$31.15)$]; and the mandatory recurring decrease in local revenue is estimated to be \$17,310 ($1,154 \times \15) in FY21-22 and subsequent years.
- It is further assumed that an additional two percent or 1,154 who would have otherwise applied for and received an EHCP due to the discount afforded them in Tenn. Code Ann. § 39-17-1351(p)(1) will now apply for and receive a LHCP. Currently these veterans pay \$65 to cover all costs related to background checks. Of that fee, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$46.15 ($\$15 + \31.15) is allocated to the TBI; and \$3.85 is retained by the HPD.
- A decrease in state revenue to the HPD is estimated to be \$4,443 ($1,154 \times \3.85) the recurring decrease in state revenue to the TBI is estimated to be \$53,257 [$1,154 \times (\$15 + \$31.15)$]; and the mandatory recurring decrease in local revenue is estimated to be \$17,310 ($1,154 \times \15) in FY21-22 and subsequent years.
- The total recurring decrease in state revenue is as follows: \$280,076 ($\$275,633 + \$4,443$) to the HPD in FY21-22 and subsequent years and \$106,514 ($\$53,257 + \$53,257$) to the TBI in FY21-22 and subsequent years.
- The mandatory decrease in local government revenue of \$34,620 ($\$17,310 + \$17,310$) in FY21-22 and subsequent years.
- In addition, there will be a recurring decrease in state expenditures as a result of producing fewer EHCP permit cards that would have otherwise been renewed beginning in FY27-28. The printing cost to produce one permit is \$1.99. The recurring decrease in state expenditures for the HPD will be \$2,296 ($1,154 \times \1.99) in FY27-28 and subsequent years.
- Any impact resulting from veterans currently holding an EHCP and choosing to upgrade to a LHCP at renewal is estimated to be not significant.
- In order to comply with the changes, DOS would need update its current technology systems. There will be a one-time increase in state expenditures in FY21-22 of \$8,000 to create the necessary functionality within the system.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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